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FARMERS' NEWSLETTER

Soybeans

With the 1979 soybean harvest rapidly nearing completion, now is the time to complete your marketing plans to get the top price for your crop. Farm prices in mid-October were about \$6.25 per bushel. They may go a little lower before stabilizing, but then look for some seasonal increase into the spring.

Transportation problems and the wide variation in the progress of the record harvest have put heavy pressure on soybean prices this fall. The result has been a wider-than-normal price spread between farm and central market prices.

Here are some of the latest highlights affecting 1979-crop soybean prices:

- U.S. production of the five major oilseed crops is a record 71 million metric tons, about a fifth above last season.
- World oilseed production also will reach a new high--now projected at 178 million tons, 12 percent above last year. Most of the rise is the result of sharp increases in soybeans and sunflowerseeds--primarily in the United States.
- Demand for soybeans and products will stay heavy in the year ahead, since American farmers are the only major producers with beans to sell

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CURRENT SECTION
until South American crops enter world markets next spring.

- Record U.S. supplies and lower prices should boost soybean use to around 2 billion bushels, 8 percent above last season. Still, that trails the sharp rise in supply.
- Consequently, U.S. soybean carry-over next September 1 may more than double the 173-million-bushel level recorded this year.

Domestic Crush at Record Pace

Most soybean demand comes from U.S. exporters and processors of beans for oil and meal. Even processors who run their mills year-round often buy large quantities at harvest when prices are usually low. And with the widening cash basis in some areas of the Soy Belt, processors are buying heavily this fall.

U.S. SOYBEANS BOOST WORLD OUTPUT TO NEW HIGH

Country	1977/78		1978/79		1979/80 Proj.	
	Output MMT ¹ /Pct		Output MMT/Pct		Output MMT/Pct	
World	74.7	100	80.9	100	94.4	100
United States	48.0	64	50.9	63	60.2	64
China	9.5	13	10.5	13	10.5	11
Brazil	10.2	14	11.0	14	13.5	14
Argentina	2.7	4	3.8	5	4.5	5
Paraguay	0.3	²	0.4	²	0.6	1
Canada	0.5	1	0.5	1	0.6	1
USSR	0.5	1	0.6	1	0.6	1
Other	3.0	4	3.2	4	3.9	4

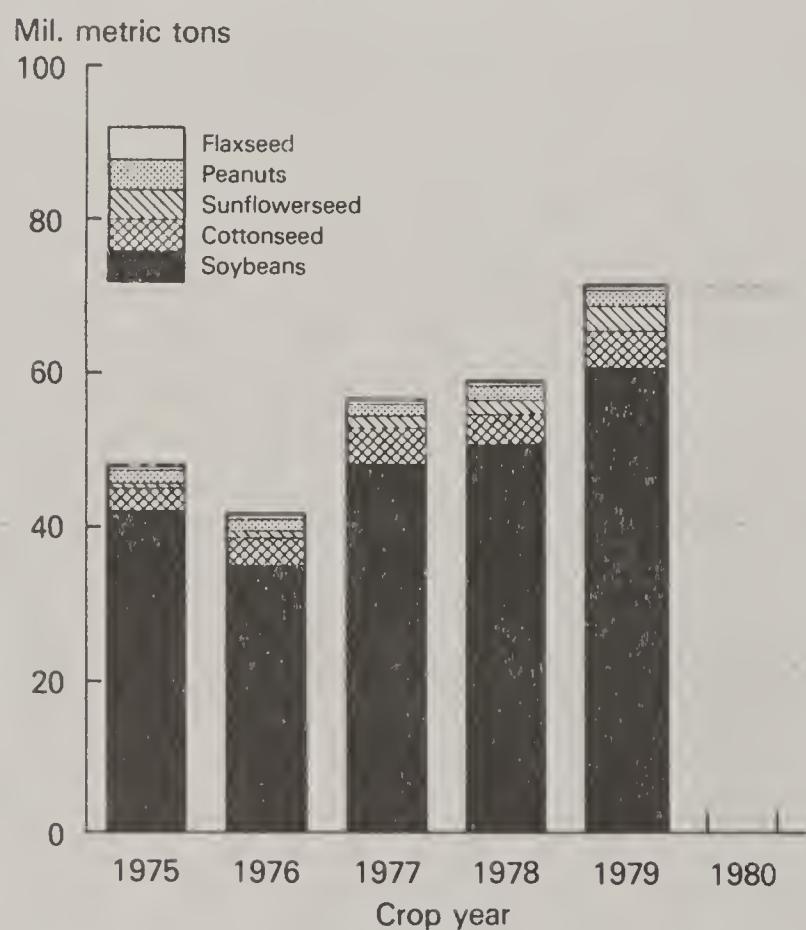
¹ Million metric tons. ² Less than 0.5 Percent.

Soybean crushings for the current season are expected to total around 1.1 billion bushels, compared with 1.0 billion last year. This rise mainly reflects the prospective increase in soybean meal feeding resulting from slightly lower meal prices and increasing hog and poultry production. Poultry takes about 41 percent of soybean meal fed; hogs about 31 percent; cattle about 22 percent; and edible protein products 2 to 3 percent.

The soybean processing industry probably will use about 80 percent of 1979/80's estimated soybean crushing capacity of 1,350 million bushels, up slightly from last season's 78 percent.

The spot soybean processing margin--the Decatur, Illinois, cash spread between the price the processor pays for soybeans and the value he receives for oil and meal--averaged 36 cents per bushel during 1978/79 compared with 28 cents the year before. Spot margins are wider this fall, averaging 70 cents in September compared with 52 cents a year ago.

U.S. OILSEED PRODUCTION LEAPS



SOYBEAN CARRYOVER TO DOUBLE

Item	1977/78 ¹	1978/79 ²	1979/80 ³
Acreage	<i>Million acres</i>		
Planted	58.8	64.4	71.5
Harvested	57.6	63.3	70.2
Yield per acre	<i>Bushels</i>		
Harvested	30.6	29.5	31.5
Supply	<i>Million Bushels</i>		
Beginning stocks, Sept. 1	103	161	173
Production	1,762	1,870	2,213 ± 85
Total supply	1,865	2,031	2,386 ± 85
Use			
Crushings	927	1,018	1,090 ± 50
Exports	700	753	825 ± 50
Seed, feed, residual	77	87	91
Total use	1,704	1,858	2,006 ± 50
Ending stocks, Aug. 31	161	173	380 ± 50
Price	<i>Dollars per bushel</i>		
Season avg. farm price ⁴	5.88	6.75	5.75 - 6.50
U.S. loan rate	3.50	4.50	4.50

¹ Preliminary. ² Estimated. ³ Forecast based on October 1 indications. ⁴ Weighted by monthly marketings.

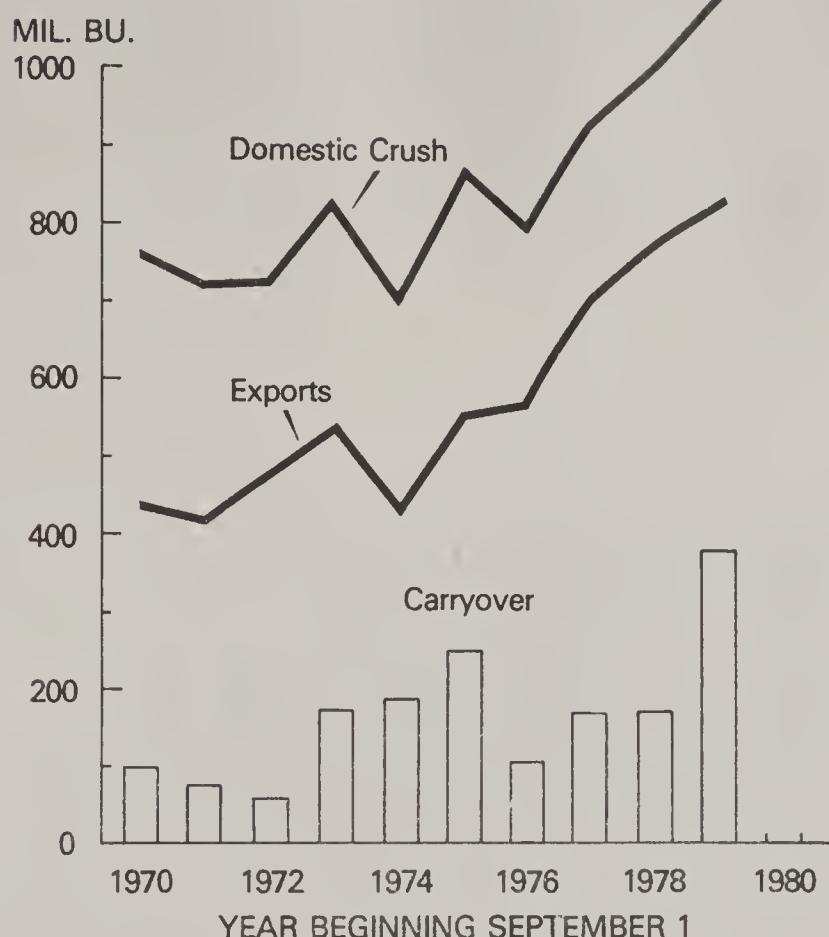
In recent years, about half of all U.S. soybeans were exported--either as beans or products. Export demand will again be an important price-making factor for soybeans this year.

Exports may total around 0.8 billion bushels, a new high and about a tenth more than last season. Slightly lower U.S. prices and increased meal and oil demand abroad will again provide the impetus, along with changes in international monetary relationships, despite increased competition from South American soybeans and meal during April-August 1980.

Marketing Strategy

Marketing your 1979 soybean crop successfully depends on how well you gauge the price outlook. With the increased costs of production this year, your

SOYBEAN USE CONTINUES RISE



Excludes planting seed and soybeans used as feed.

marketing decisions are more important than ever. Your profits for the entire year depend on them.

- If you think current soybean prices look good, you might want to sell your 1979 crop during harvest. Although soybean prices are under pressure this fall, they are still averaging near the \$6.25 per bushel of October 1978. Futures prices well into next spring are running above the \$6.75 level.
- If you're satisfied with the current price, or if you think prices may get better, you may want to forward contract all or part of your 1979 crop for delivery later in the year.
- If you're undecided, you might want to sell part of your crop at harvest, and store the remainder of the crop for sale later in the season.
- If you feel that demand will remain strong throughout the year, store your crop and sell at intervals during the 6 to 8 months following harvest. You

may qualify for a loan--with a lower interest rate than you could get commercially--from the Commodity Credit Corporation while your beans are in storage. See your local ASCS office for loan information.

Sunflowerseed Supply Doubles

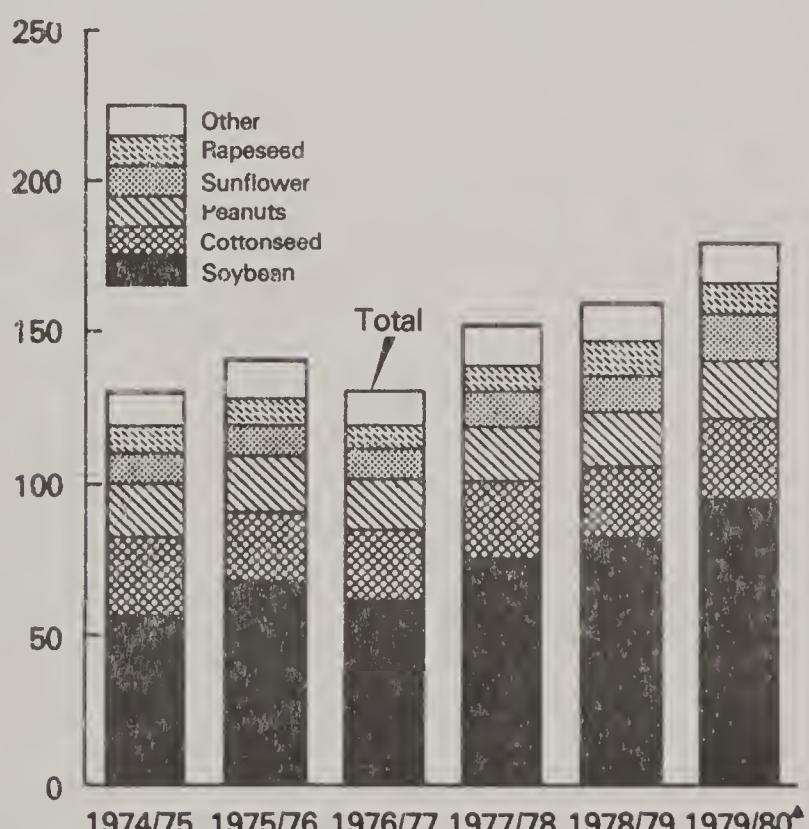
While U.S. sunflowers do not provide much competition for soybean acreage, they do compete here and overseas for oil and meal markets. So soybean producers will want to keep abreast of developments for this rapidly expanding oilseed crop.

U.S. sunflowerseed supplies are a record 3.8 million metric tons, much above the 1.9 million last year--due to larger plantings and big yields.

Although domestic crushings will continue to expand, more than three-fourths of the supply will be available for export. Europe and Mexico are major markets for our sunflowerseed.

WORLD OILSEED OUTPUT TREND CONTINUES UPWARD

Mil. metric tons



▲ Forecast

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Farmers' prices for the 1979 crop probably will average slightly below last season's \$240 per metric ton.

The Duluth-Superior port strike stopped export movement in August and September just when the new harvest was about to begin. The result was a substantially larger carryover than earlier anticipated.

And with this fall's record harvest, storage and transportation facilities will be taxed--likely resulting in lower prices to farmers. However, export demand will be at a new high and may lead to a post-harvest price rise.

Sunflowerseed Crush Capacity Expanding

Sunflowerseed production has jumped in recent years, spurred by the development of high oil content seed (40 percent) and the hybrid varieties. Virtually all of the U.S. area planted this year is to hybrids. With more U.S. sunflowerseed available and domestic demand for oil and meal increasing, the crushing industry is expanding rapidly.

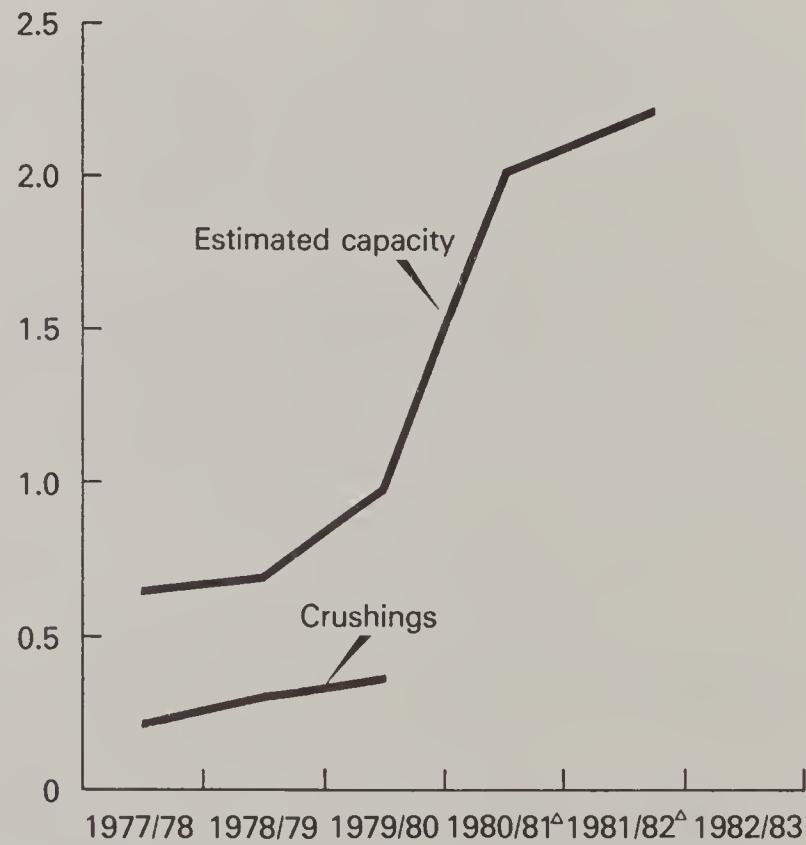
Sunflowerseed crushing capacity in the northern producing areas is just under 1 million metric tons this year, about 40 percent above last season. With the season's crush projected at about 0.4

million tons, the industry will be operating at about 40 percent of potential capacity.

Based on plant expansions and new mills announced by the industry, the projected crushing capacity for sunflowerseeds is 2.0 million tons in 1980/81 and 2.2 million in 1981/82.

BIG EXPANSION IN SUNFLOWERSEED CRUSH CAPACITY*

Mil. metric tons



*Northern production areas.

[△]Projected capacity based on plant expansions and new mills announced by industry.